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Commercial and political negotiations with Czechoslovakia, Hungary, and Poland are being prepared for October. Under a commercial agreement with Israel Rumania is to send that country wood, meat, and chemicals. Payments will be made as follows: 65 percent in effective dollars and 35 percent in goods.

The trade balance as of 30 September 1949 is not favorable to Rumania. That country owes 18 million dollars, or 900,000,000 crowns to Czechoslovakia, Hungary and Poland. According to Rumanian information, Czechoslovakia alone is owed 10 million dollars.

The devaluation of the pound sterling did not come unexpectedly for Rumania. The state companies had tried to do their business in the sterling area in dollars and thus to reduce their sterling balances. Wood, for instance, was sold to Egypt for dollars. At the same time Rumania tried to get rid of pounds by buying goods for them before devaluation, so that at the time of the actual devaluation only a small amount of sterling was held by the Rumanian National Bank.

Of the total quantity of 1,900 tons of Poldi steel, Rumania has ordered so far 1,560 tons. This is in connection with the reorganization of Rumanian industry. English competition is noticeable in this field. The English steel mills can offer goods as much as 50 percent cheaper, and can give better delivery dates. It appears that some orders have already been placed. Rumania makes payment in pounds earned by exports of wood and petroleum derivatives. An arrangement has been made for 4,000 to 6,000 tons of zinc concentrates at a price of 77 dollars per ton. The Podbrezova ironworks have received 100 tons of zinc. The Czechoslovak metallurgical plants delivered 2,200 tons of goods to Rumania during October.

Poland is re-exporting goods to Rumania. It is delivering, among other things, refined steel from Austria and sulfur from Soviet Zone Germany.

Of the 1,000 tons of zinc that Rumania was to send to Czechoslovakia during 1949, only 450 tons were sent; of 2,000 tons of lead, only 500 tons, and of 200,000 cubic meters of sawn timber only 94,000 cubic meters were delivered. No horsehair, animal hair, or bristles were delivered at all. These are the most important items of the trade agreement which Rumania did not deliver to Czechoslovakia. All efforts to change this situation are useless.

In addition to the small quantities of lead and zinc mentioned above, other items, such as wine and canned meat, have been sent to Czechoslovakia. These were not needed at all in Czechoslovakia, but were bought for political reasons, just as meat was bought with heavy machinery from Poldi and Ferromet. Czechoslovak commercial relations with Rumania are conducted for political rather than economic reasons.

According to the latest reports, clearing between Czechoslovakia and Rumania will be done in rubles.

Up to 22 June 1949, 35,896 tons of corn had been sent from Rumania to Czechoslovakia by railroad, and 19,092 tons by ship; 12,635 tons of wheat had been sent by railroad, and 19,300 by ship; 5,009 tons of oats had been sent by railroad, and 4,481 tons by ship; 11,020 tons of scrap, 2,419 tons of beef, and 1,672 tons of pork had also been sent,

Steel requirements in Rumania are mostly covered by the commercial agreement with Czechoslovakia, which envisions imports of 6,000 tons of various types of steel during 1949. Remaining needs are met by imports from the Soviet Union. These total about 2,000 tons, of which about 30 tons is high-speed steel, and the remainder is construction and tool steel. About 5 tons of sheets of hard metal are to be imported from the Soviet Union.

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The commercial agreement being negotiated with Poland is to include about 1,000 tons of steel. It appears, however, that this will come from the Austrian steel which Poland will give up in favor of Rumania. Orders for about 100 tons of steel have been placed in England. Of this, about 15 tons of high-speed steel will be allotted to the Rumanian State Railroads and various industries. About 50 or 60 tons of high-speed steel and tools have been ordered for the Copea Mica si Cugir factories. Approximately another 10 tons have been ordered for other factories.

As of February 1949, the Rumanian market was very short of high quality steel. Supplies within the country were very low. Two carloads of steel had been received shortly before from Kladno, but this was insufficient to cover current needs. Domestic production of special steels is insignificant.

The following table gives the values of various goods in the 1949 import plan of the Rumanian Ministry of Industry.

<u>Goods</u>	<u>Value To Be Imported</u> <u>(1,000 dollars)</u>
Planing machines	600
Mechanical hammers	270
Milling machines	540
Grinders	1,000
Mechanical saws	80
Tempering furnaces	70
Mine drills	50
Compressors	135
Various pumps	300
Hydraulic eccentric presses	220
Machines for processing sheet metal	360
Spare parts	1,340
Spare parts for hosiery machines	380
Spare parts for shoemaking	150
Spare parts for paper industry	250
Cobalt glass and goggles for welding	6
Turbines for electric power plants	750
Drawn steel tubes, $\frac{1}{2}$ -2 inches, black and galvanized, 2,500 tons	550
Drawn iron tubing	6,000
One lathe, 2,000 mm by 700 mm high	108
Parallel lathe, 14,000 mm by 1,000 mm high	156
Special tool steel	3,500

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